

USAID/Guyana

Annual Report

FY 2004

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Guyana

Performance:

Background

Guyana's development continues to be impeded by ethnic and political polarization, which negatively affects most spheres of national life and periodically leads to government paralysis, as it did during the minority party's boycott of parliament from February 2002 to May 2003. While the two major parties have since agreed on a broad program of constitutional reforms that would have a positive influence in democratization and restoration of the economy, pace in enacting reforms has been disappointingly slow, particularly in the political sector. The GOG is characterized by a strong executive overseeing a weak parliament, and a judiciary that is not sufficiently independent. Guyana currently faces a host of other development challenges, including a declining economy, a high level of debt, rising crime and insecurity, continued out-migration of skilled workers, and a generalized HIV/AIDS epidemic. In addition, because of the large unpopulated border zones it shares with Suriname, Brazil, and Venezuela, Guyana is increasingly a convenient conduit for narcotics trafficking, which threatens both internal security and regional stability.

Guyana is one of the Hemisphere's poorest countries, with a per capita gross domestic product (GDP) of \$797 in 2002. Roughly 35 percent of the population lives below the poverty level. In the past five years, Guyana's economic performance has been weak and erratic, marked by falling commodity prices and declining foreign investment. Over the years, Guyana has accumulated a heavy external debt burden with an external debt in 2002 of US\$1.2 billion. Despite debt relief granted by the HIPC Initiatives, Guyana is facing a period of external stringency as net capital inflows show little prospect of increasing anytime soon. The average annual GDP growth rate between 1998 and 2002 was 0.7 percent. The fiscal deficit widened from 4.9 percent in 2000 to a budgeted deficit of 13.2 percent for 2003, primarily a function of high capital expenditures, significant public sector pay awards, large discretionary tax exemptions, and falling prices for major commodity exports.

Despite the current bleak conditions, the GOG has undertaken a number of major economic reforms aimed at improving the policy and regulatory environment such as passage of the Procurement Act and budget Law and the tabling of the Small Business and Investment Bills. The GOG has also developed a National Trade Policy Strategy and National Trade Capacity Building Program and privatized state-owned banks. The GOG is also working in the area of tax reform with the aim of implementing a value-added tax (VAT) by 2006. These are encouraging and tangible signs that the government is serious about stimulating entrepreneurialism and improving the climate for trade and investment.

U.S. Interests and Goals

Despite its small size and population, Guyana figures prominently in a number of important U.S. foreign policy interests. Promotion of internal and regional political stability is a major U.S. objective. USAID pursues this objective by working toward greater inclusiveness and transparency in government while introducing conflict resolution mechanisms to reduce the considerable ethnic tension within Guyanese politics and society. On the economic front, as an English-speaking nation poised on the northern coast of South America, Guyana is uniquely well positioned to serve as a gateway for trade between North America and Brazil. A planned all-weather road between the Brazilian border and Georgetown will create multiple new commercial opportunities, especially for U.S. business. USAID/Guyana is working to harness Guyana's largely untapped export potential as the catalyst for sustainable economic growth and prosperity. Underlying progress in the democracy and economic sectors is the success of HIV/AIDS prevention and mitigation efforts. As seen elsewhere in the world, the unchecked spread of HIV/AIDS threatens all other development efforts. It is also a threat to the U.S., given the large number of Guyanese immigrants and visitors to the U.S. In the context of a declining economy and the emerging

HIV/AIDS epidemic, emergency food assistance for the poor will continue to be essential to alleviating human suffering in Guyana. Finally, it is essential that economic growth do no harm to the country's 65,000 square miles of virgin rainforest.

Donor Relations

As one of the major donors in Guyana, USAID participates regularly in donor fora and provides leadership and policy input on issues involving democratic, economic, and social reforms. By extension, USAID implementing partners work closely with other agencies in coordinating project activities. The United States, the United Kingdom, and Canada are Guyana's largest bilateral partners respectively. Other bilateral donors and their principal areas of focus are: Germany (the environment and HIV/AIDS) and Japan (assistance to NGOs and HIV/AIDS). Multi-lateral donors and their programs include the IDB (public sector reform), the European Union (micro-projects and civil society), the World Bank (accountability in the public sector), and the UNDP (governance and conflict resolution, and the environment).

Challenges

Guyana's biggest obstacle is the racial/ethnic polarization of its society. In the political realm, this polarity has led to strong executive control, which engenders political exclusion, militates against consensus and compromise, and divorces political actors from popular needs and aspirations. Economic sectors are also organized along ethnic lines as well, with Indo-Guyanese tending to work in commerce and agriculture and Afro-Guyanese in the public service, professional, and manufacturing/mining sectors. These ethnic patterns discourage alliances arising from common business interests. Thus, the lack of political inclusiveness and suspicion naturally extends to the social and economic realms and impedes development in virtually all sectors.

With a population of only 750,000, Guyana's domestic market is too small to provide a viable base for long-term economic growth. While Guyana has considerable potential as an exporter, its trade regime is relatively weak. It is a small economy within the Caribbean Common Market, and lacks sufficient analytical or negotiating capability to influence trade agreements and negotiations. Foreign investment has been declining in recent years, a function in part of rising crime and deteriorating infrastructure. The transport system is particularly poor with approximately 160 kilometers of paved highways in disrepair. The lack of external transport links is a significant impediment to business development. Those entities that are able to meet export market stipulations often find that inadequate refrigeration facilities, insufficient cargo space on flights out of Guyana, and irregular shipping schedules negatively impact the efficiency and quality of exports. Rising crime and a lack of economic opportunity have also sparked a wave of out migration. This loss of human capital inhibits the GOG's capacity to provide quality health, education, and social services, impedes government administration and management, and fosters continued dependence on donors for technical expertise.

Available evidence suggests that HIV/AIDS is a growing problem in Guyana, though the true extent of the problem is unknown because there are as yet no national seroprevalence data and AIDS case reporting data are incomplete. By the end of 2001, the Ministry of Health (MOH) had recorded 2,185 cases (cumulative from 1987), though this is believed to be a gross underestimate because of deficiencies in the surveillance system. The epidemic has become generalized, and females are increasingly affected by the disease, especially in younger age groups. By 2001, females made up 38 percent of all reported AIDS cases and, in the 15-24 age group, significantly more females than males had AIDS. Because of stigma and discrimination, few Guyanese are willing to be tested for HIV. Heterosexual sex appears to be the primary mode of transmission, though there are no studies on men who have sex with men or on health service practices-such as reuse of needles-that facilitate the spread of HIV. In addition, very little is known about the social, cultural, economic, and behavioral determinants of risk in the Guyanese context. The HIV/AIDS epidemic is not only a threat to the nation's health, but also has profound implications for political stability, economic growth, and social development. Left unchecked, HIV/AIDS will reverse social and economic progress and overwhelm an already fragile healthcare system.

Country Close and Graduation:

See note in cover memo.

Results Framework

504-001 Improved Climate for Private Investment

504-003 Improved HIV/AIDS Awareness, Knowledge and Applied Prevention Strategies

SO Level Indicator(s):

- Comprehensive correct knowledge of HIV/AIDS among targeted groups increased
- Condom use among targeted groups increased
- Number of people receiving quality services from USAID-assisted indigenous NGOs increased

4 Increased access to PMTCT services

4.1 Number of USAID supported health facilities offering PMTCT services increased

4.2 Number of pregnant women accepting counseling and testing at USAID-supported facilities increased

504-004 More Responsive and Participatory Governance and Rule of Law

504-005 HIV Transmission Reduced and the Impact of AIDS Mitigated

SO Level Indicator(s):

- HIV seroprevalence among commercial sex workers (ages 15-24)

- HIV seroprevalence for 15 to 24 year olds (itinerant workers – loggers and miners or workers in the Sugar Industry)

- Number of HIV-infected persons receiving ARV treatment

- Number of HIV-infected women and babies receiving a complete course of antiretroviral prophylaxis to reduce the risk of mother-to-child transmission

- Percent of sexually active population with multiple sex partners

1 Improved Policy Coordination and Management

1.1 Enhanced capacity and quality of GOG HIV surveillance systems and their use in decision making

1.2 Increased capacity for advocacy around comprehensive response to HIV

1.3 Multi-sector coordination and planning increased

2 Increased use of risk reduction practices by most vulnerable populations

2.1 Behavior change communication improved and expanded

2.2 Community dialogue and action facilitated among NGOs, CBOs, FBOs and others

2.3 Condoms available, acceptable and used

3 Increased use of prevention and treatment services

3.1 Expanded access to "VCT Plus" services

3.2 Expanded access to "PMTCT Plus" services

3.3 Expanded access to ARV therapy and treatment of OIs

3.4 Human resources in health expanded and strengthened in HIV/AIDS

4 Increased use of community-based care and support services

4.1 Enhanced capacity for comprehensive community-based response to needs of PLWHA

4.2 Enhanced capacity for comprehensive community-based response to needs of OVC

504-006 Democratic Governance Consolidated

SO Level Indicator(s):

- Local and national elections outcomes peacefully accepted

- Percentage of citizens who believe the government is responsive to their needs/concerns

1 Citizens' participation in policy making increased

1.1 Capacity and credibility of CSOs increased

1.2 Civic education programs institutionalized

1.3 Local government councillors elected and able to perform constituent-focused duties

1.4 Management and administrative capacity of local government organs increased

2 Transparency and accountability in governance increased

2.1 Internal controls & parliamentary oversight improved

2.2 Availability of GOG budget/expenditure & other information increased

2.3 Capacity of media to critically analyze & report on policy issues increased

2.4 Justice administered in a timely manner

- 3 Vulnerability to ethnic/political conflict reduced
- 3.1 Political will to reduce ethnic/political conflict increased
- 3.2 Inter-ethnic cooperation & conflict resolution mechanisms operationalized
- 3.3 Healing & reconciliation processes institutionalized

504-007 Environment for Sustained Growth of Value-Added Exports Strengthened

SO Level Indicator(s):

- Increased value-added in exports
- Number and quality of public and private sector export institutions
- Number of trade policies and legislation implemented
- 1 Key trade & investment policies, standards and practices are consistent with negotiated obligations and international best practices
 - 1.1 Human & institutional capacity to prepare negotiating positions and implement negotiated commitments
 - 1.2 Trade policy consultative process fosters: private/public consensus on policy, regulatory, and legislative priorities; increased domestic support for negotiating positions and international commitments
- 2 Firms interact to increase competitiveness in the export of value-added products & services to high-value niche markets
 - 2.1 Technical & business development services skills produce & deliver competitive products and services
 - 2.2 Institutional capacity strengthened to identify & establish links to high-value niche markets